



Annual
Operating Plan

2024-2025

AWI's purpose is to enhance the profitability,
international competitiveness and sustainability
of the Australian wool industry



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Strategic objectives and consultation process overview

The AWI Annual Operating Plan (AOP) has been developed following an extensive consultation process, starting with the work done by the Woolgrower Consultation Group (WCG) on the development of the Wool 2030 Strategy.

AWI's Annual Operating Plan is closely aligned with the three-year Strategic Plan and provides a framework for successful implementation of business objectives. This plan looks to inform levy payers, government and the wider wool industry on AWI's plans for the fiscal year 2024-25.

AWI is a charitable not-for-profit organisation incorporated in Australia responsible for delivering research, development and marketing for the Australian wool industry. AWI is owned

by approximately 17,000 Australian woolgrower shareholders and represents more than 75,000 levy payers. The company is funded by a levy of 1.5% on woolgrowers' wool revenue, with matching funds from the Australian Federal Government for eligible Research & Development expenditure.

The AOP is prepared each financial year to advise on the focus of the activities for the fiscal year that aligns with the objectives and outcomes in the three-year Strategic Plan.

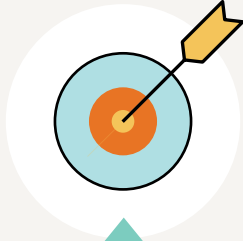
What we are aiming to achieve



Shared vision

Our immediate focus

Our vision statement



Our purpose

- > To enhance the profitability, international competitiveness and sustainability of the Australian wool industry.
- > To increase value, demand and market access for Australian wool.
- > Through collaboration and consultation with stakeholders, to invest in research, development, extension and marketing initiatives whilst collaborating and consulting with stakeholders.



Our vision

To be a highly valued contributor through collaboration and consultation with stakeholders from farm to fashion in a vibrant wool industry and turn investment into returns through targeted innovations in research, development, extension and marketing.



Our goals

- > To position Australian wool as the sustainable, natural, renewable, and biodegradable fibre of choice.
- > To contribute towards an increase in the gross value of Australian wool production through AWI's efforts to increase demand, price and productivity.

This Annual Operating Plan (AOP) for the 2024/25 financial year outlines the main wool industry R&D and marketing activities in which AWI will invest on behalf of Australian woolgrowers who fund the company.

When travelling around the country to meet with woolgrowers, whether they are specialist Merino producers or mixed farmers, I am always keen to hear how their businesses are faring and what issues are impacting their wool enterprises. I am always struck by the pride and resilience they show in tackling the challenges they face in producing their wonderful fibre.

Despite the challenges, they generally have a healthy optimism about the future of the wool industry and are investing in their businesses. I too share that optimism and look forward to AWI providing a valuable contribution to that future.

At the moment, however, AWI faces its own financial challenges meaning that the level of expenditure in R&D and marketing will be reduced in 2024/25. This is a result not only of AWI's continuing low revenue but also the diminishing financial reserves of the company.

AWI was still able to fund a reasonable level of R&D and marketing during the past five years by strategically dipping into its available reserves during the post-COVID rebound and to defend the fibre on the global stage during the increasing debate on sustainability. However, a lot of those available reserves have now been spent. Consequently, going forward, AWI must largely rely only on what it receives in revenue each year.

The nature of the wool levy system – being a percentage, volume and

price based system – ensures that AWI and woolgrowers travel a similar journey. Recently, this has meant that AWI's revenue from the wool levy has been further impacted by subdued wool prices and by the tougher seasonal conditions that have halted increases in the volume of wool sold.

AWI operates in a lean, efficient and transparent manner, but just like any business with a reduced income, we have had to make tough choices about what projects to invest in. AWI will continue to invest in those areas that woolgrowers have told us are most important to them.

Attracting and retaining wool harvesting staff remains a priority for the company and we will continue our investment in shearer and wool handler training as well as technology-based opportunities such as biological wool harvesting. We will also continue to invest in other key on-farm R&D areas including projects to increase sheep health, welfare and reproductive efficiency, optimise genetic gain, and ensure environmental sustainability. In addition, AWI will continue to provide timely market intelligence to woolgrowers and deliver practical training programs through its extension networks to increase growers' adoption of best practice on-farm management.

With its available resources, AWI and its subsidiary The Woolmark Company will continue to work on behalf of woolgrowers in key markets across the world to

increase the demand for Australian wool. As well as promoting the fibre's renowned premium qualities, the company will focus on the eco-credentials of the fibre to take advantage of the mega-trend towards sustainability. The company will also explore new and diverse product and processing opportunities for wool, and help educate textile students, manufacturers, brands and retailers about the benefits of the fibre.

This is the last year that AWI will operate under its current three-year Strategic Plan for 2022/23 to 2024/25. AWI's next three-year Strategic Plan will be framed by the result of the WoolPoll 2024 vote, which is being held later this year, as well as the broader financial challenges that the company faces.

The Australian wool industry has plenty of opportunities but also many threats – and AWI will continue in its role to invest its available resources in industry R&D and marketing to address them.

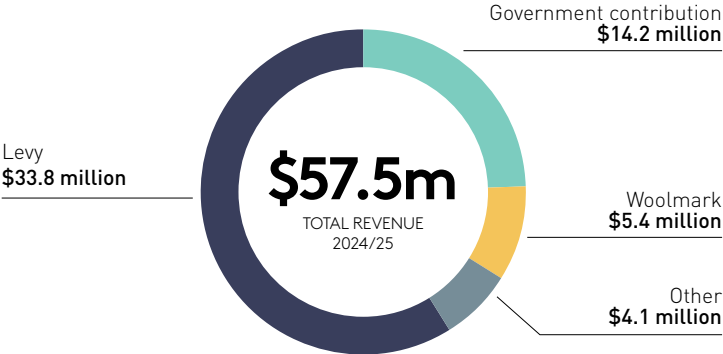


AOP alignment with AWI strategic objectives

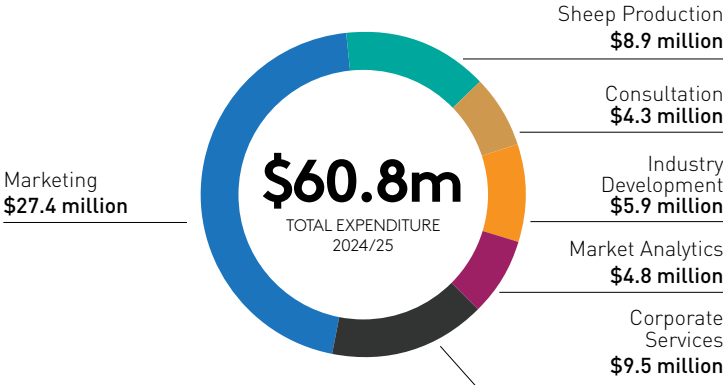
STRATEGIC REPORTING PORTFOLIO	PROGRAM	SUB-PROGRAM
SHEEP PRODUCTION	HEALTHY PRODUCTIVE SHEEP	Sheep Health & Welfare Vertebrate Pests Reproduction & Nutrition Genetics
	ENVIRONMENT SUSTAINABILITY	Environmental Sustainability
	AGRI TECHNOLOGY	Hardware & Software Development
	TRAINING & TECHNOLOGY TAKEUP	Sheep & Wool Management Skills Wool Harvesting & Quality Preparation
MARKETING	TRADE MARKETING	Trade Marketing
	TALENT DEVELOPMENT	International Woolmark Prize Woolmark Performance Challenge
	CONSUMER MARKETING	Consumer Marketing Collaborations
CONSULTATION	WOOLGROWERS	Extension Networks Events & Forums Media
	INDUSTRY	Industry Representative Bodies
INDUSTRY DEVELOPMENT	WOOLMARK	Licensing Quality Control Business Development
	EDUCATION & EXTENSION	Retail Trade Student
	PROCESSING & PRODUCT INNOVATION	Technical Advice Sourcing & Supply Chain Connectivity
MARKET ANALYTICS	EMERGING MARKETS	Market Diversification
	SUPPLY CHAIN INITIATIVES	Woolmark Source Traceability
	SUSTAINABILITY STRATEGY	Woolmark+
	BUSINESS INTELLIGENCE	Opportunity Identification Market Analysis
	FIBRE SCIENCE	Eco Credentials Wellness & Performance
SUPPORT ADMIN COSTS	CORPORATE SERVICES	Corporate Services Digital Services

Budget summary

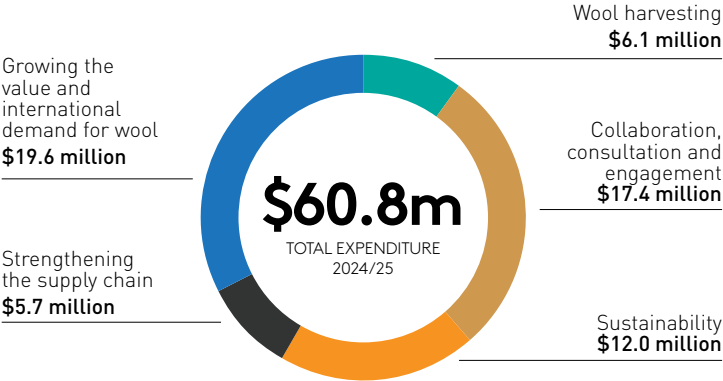
Income



Expenditure by Portfolio



Expenditure by Strategic Priorities



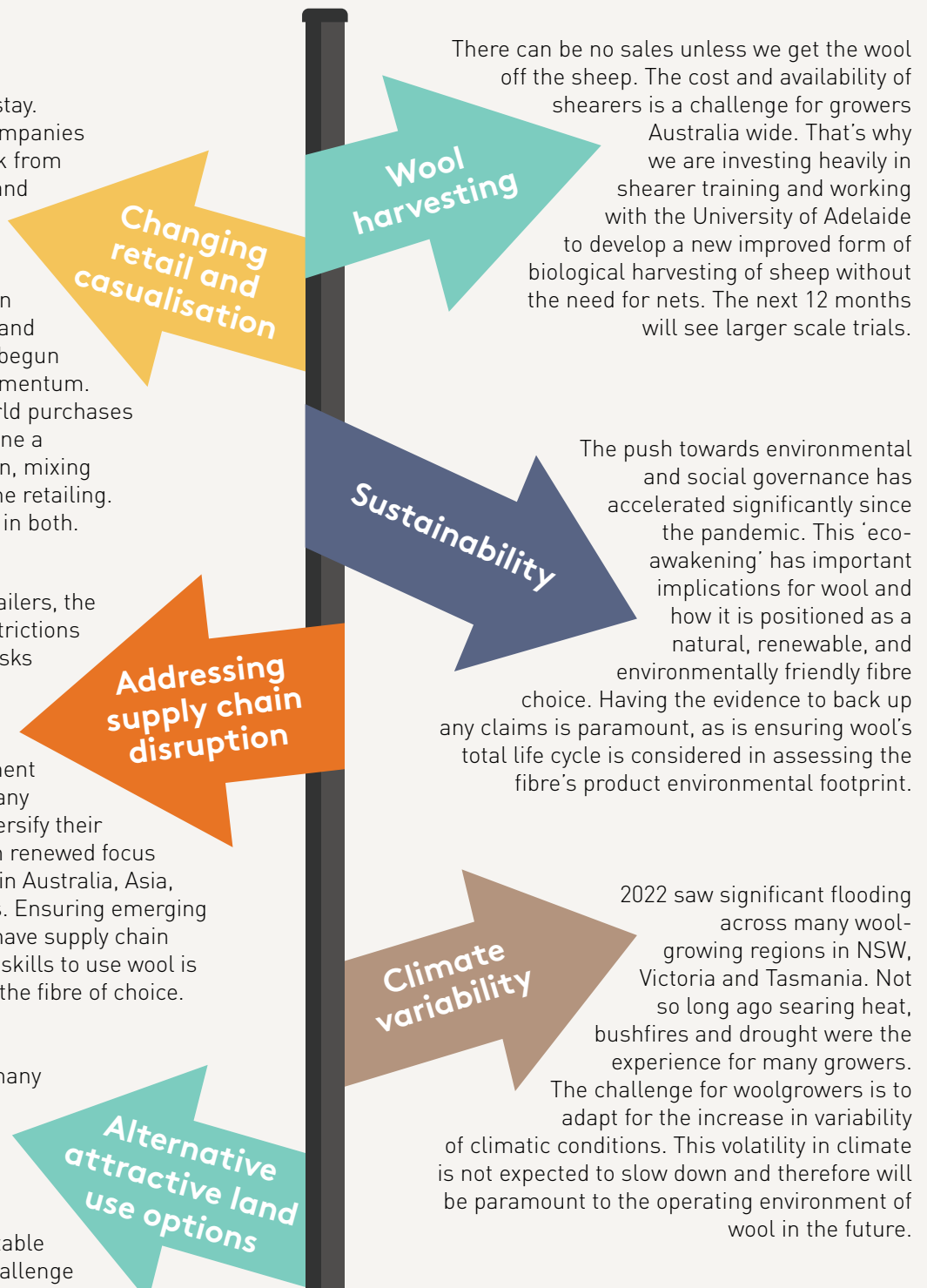
Challenges and opportunities for Australian wool

At AWI we are working hard to deliver improved outcomes for Australian woolgrowers despite global macroeconomic uncertainty. The lingering effects of inflation across many of our major markets continue to hurt consumer sentiment. Nonetheless, there is a strong case for optimism. Consumers are increasingly appreciating the natural, renewable and sustainable qualities of wool; the challenge is to convert appreciation into more sales.

Casualisation is here to stay. Post-pandemic, more companies have adopted hybrid work from home policies thus demand for formal workwear is reduced. The challenge and opportunity for wool is to get more of it used in loungewear, sportswear and footwear. That work has begun and will gather more momentum. The way in which the world purchases its products has undergone a significant transformation, mixing physical stores with online retailing. Wool must be prominent in both.

For many brands and retailers, the lockdowns and travel restrictions exposed the significant risks associated with sourcing and supply chain disruption. Increased shipping costs and shipment delays have eased but many brands are looking to diversify their manufacturing base, with renewed focus on 'nearshoring' options in Australia, Asia, Europe and the Americas. Ensuring emerging manufacturing markets have supply chain access and the technical skills to use wool is critical to ensure wool is the fibre of choice.

Wool-growing is one of many choices for land use. With favourable conditions across many regions and some strong commodity prices there are multiple viable, profitable land-use options. The challenge for wool is to underline its consistent performance across many years.



STRATEGY

Sheep Production



PROGRAM: Healthy Productive Sheep

PROGRAM OVERVIEW

The Healthy Productive Sheep program aims to increase the productivity, profitability and sustainability of wool-growing enterprises, while assisting growers to mitigate future risks to production. Investments are made through four sub-programs (Sheep Health & Welfare, Genetics, Reproduction & Nutrition and Vertebrate Pests) and capture a range of management practices that contribute to the lifetime health and performance of sheep.

Priority investment areas for the Healthy Productive Sheep program in 2024/25 support both Wool 2030 and the Sheep Sustainability Framework. These include continued development and delivery of AWI's Flystrike Extension Program, improved genetic tools, precision sheep management techniques, management strategies for improved ewe and lamb survival, and national coordination of wild dog control.



HEALTHY PRODUCTIVE SHEEP

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Train growers and advisors in moving to a non-mulesed enterprise and flystrike management covering tactical responses, strategic risk management and breeding for flystrike resistance to reduce risk.</p>	<p>Growers that participate in workshops report:</p> <ul style="list-style-type: none"> a. 70% increased awareness of tools to manage flystrike b. 80% increased confidence to make changes to the way they manage flystrike c. 80% increased confidence in managing flystrike without mulesing <hr/> <p>15 advisors trained to assist woolgrowers implement, monitor and improve their whole-of-farm plan for preventing and controlling flystrike</p>	<p>Workshop exit surveys</p> <hr/> <p>Number of trained AmpliFly advisors</p>
<p>Commission projects in flystrike management tools targeting the viability of the fly.</p>	<p>Blowfly mass rearing facilities for the Sterile Insect Technique produce 40-50 million sterile blowflies per week</p> <p>Development of highly specific and potent trapping solution to reduce the sheep blowfly populations</p> <p>Nanoencapsulation of tea tree oil for enhanced protection against sheep flystrike project commissioned</p>	<p>2024/25 project milestones are completed</p> <p>New projects contracted</p>
<p>Support for co-ordination of a national wild dog program.</p>	<p>Continue support for the National Wild Dog Management Co-ordinator project</p>	<p>National Wild Dog Management Co-ordinator project</p>



HEALTHY PRODUCTIVE SHEEP (CONTINUED)

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Increase grower understanding and adoption of best practice management for reproduction efficiency.	Aim towards increasing MERINOSELECT weaning rate by 5 percentage points from 2020 to 2030	MERINOSELECT Genetic Trend Report
	Develop evidence-based strategies to identify and manage animals at risk of dystocia for improved lamb and ewe survival	Release best practice ewe management recommendations as a “fit to lamb” guide
	Promote the productivity benefits of precision sheep management to woolgrowers	Establishment of an online platform with monthly updates (including case studies and webinars) provided to subscribers
Support woolgrowers to increase their overall wool-growing productivity through access to genetics and genomics tools and information.	An increase of at least 3 index points for the WP index between the last two fully recorded drops as at June 30th 2025	MERINOSELECT Genetic Trend Report
Support woolgrowers to breed for increasing flystrike resistance.	A trend for lower breech wrinkle and dags ASBVs	MERINOSELECT Genetic Trend Report
	Increasing genotyping and phenotyping of Merino breech wrinkle, dags, cover and fleece rot. By 2030 50% of MERINOSELECT current drop will have a breech wrinkle phenotype	MERINOSELECT Genetic Trend Report
	Within flock RBVs for flystrike and body strike will be available for collaborating ram breeder flocks	Report available to the collaborating ram breeders





PROGRAM:
Environmental Sustainability

PROGRAM OVERVIEW

In 2024/2025 the Environmental Sustainability program will focus on improving environmental management and climate change adaptation. Sustainability on farm is complementary to the business of wool-growing, and addressing environmental sustainability issues such as biodiversity, soil health and pasture management, greenhouse gas emissions and climate change adaptation goes together with increased long-term

productivity and profitability. Priority investment areas for this program of investment will assist woolgrowers manage and improve on-farm natural capital, increasing drought resilience and supporting woolgrower understanding and access to new income streams such as carbon and biodiversity markets.

ENVIRONMENTAL SUSTAINABILITY

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Assist woolgrowers to monitor, measure, and improve on-farm natural capital, increase drought resilience and enable new income streams such as carbon and biodiversity markets.</p>	<p>Develop regionally relevant and cost-effective natural capital metrics</p>	<p>Final report</p>
	<p>Woolgrowers have access to information on effective and regionally relevant interventions for sequestering carbon into the farming landscape and increasing biodiversity</p>	<p>Woolgrower communications and extension events</p>
	<p>Improved environmental reporting to the Australian Sheep Sustainability Framework and relevant global standards, addressing known data gaps with a focus on key carbon, water and land indicators</p>	<p>Provision of data to the Australian Sheep Sustainability Framework</p>
	<p>Investigate effects of methane mitigating feed additives on the productivity of grazing sheep</p>	<p>Milestone reports</p>







PROGRAM:
Agri Technology

PROGRAM OVERVIEW

AWI is working to deliver a biological wool harvesting alternative that will improve wool harvesting efficiency, animal welfare and facilitate new business models. It is based on targeting of a key biochemical event involved in fibre hardening in the wool follicle, thereby creating a weakened zone at the base of the wool fibre in all fibres across the body of the sheep simultaneously. Harvesting the wool above the weakened zone requires the development of a new device that applies a force to separate the wool from the body of the sheep. This could be in the form of a handpiece for manual wool removal through to a more comprehensive automated system.

AGRI TECHNOLOGY

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Investigation of weakening agents to identify and develop a suitable wool weakening treatment to increase wool harvesting efficiency	Report on the success of in-vitro and in-vivo investigations of the effect of weakening compounds on wool	Milestone reports
Biological wool harvesting innovation: development of technology to remove the wool above the weakened zone	New project(s) commissioned and early testing of wool removal prototypes is completed	Projects contracts and milestone reports



STRATEGY Sheep Production

PROGRAM: Training & Technology Takeup

PROGRAM OVERVIEW

Through the provision of training initiatives, we aim to be a valuable contributor to the profitability and sustainability of Australian woolgrowers. The encouragement and support of the next generation of wool industry workforce participants remains a priority for the prosperity of the Australian wool industry. Our programs continue to develop and expand, aiming to improve the engagement and motivation of young people, thereby developing and retaining skills the wool industry needs to be innovative in response to new challenges. Existing and future workers also have the opportunity for hands-on practical skills and development pathways, through a suite of AWI programs and initiatives that train, encourage, and motivate.

Sufficient numbers of highly skilled professional staff to harvest and handle a high-quality Australian woolclip in a timely and efficient manner is key to the profitability of the Australian wool industry. We remain committed to attracting, up-skilling and retaining the best new entrants into the harvesting industry, building the capacity and longevity of staff and increasing returns to woolgrowers through improved shearing, wool handling and clip preparation practices. We continue to fund hands-on practical training for shearers and wool handlers, aimed at increasing their skills, wellbeing and professional development. The training for harvesting staff will cover a wide range of experience – focused on novice and improver levels. AWI will explore new technology takeups and continue developments with the next phase of the catch and drag technology.



TRAINING & TECHNOLOGY TAKEUP

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>AWI will continue to develop and make available key industry resources on best management practices and existing technologies across all facets of sheep production. Resources will be made available through a range of media including print, app development and AWI websites. AWI will focus on providing resources online through wool.com and Learn About Wool.</p>	<p>AWI leadership and practical skills events delivered to participants receive a net promoter score (NPS) of at least 7.5/10</p>	<p>Survey results</p>
	<p>AWI programs engage with 500 student participants each year</p>	<p>Participant numbers reported</p>
	<p>20,000 views of AWI Education & Extension wool harvesting resources online</p>	<p>Website traffic</p>
<p>With the broader adoption of innovative approaches to wool harvesting, such as upright and mobile shearing, multi-purpose sheds and easier catch/drag/release methods, AWI will work with industry to develop and deliver applicable training components. The initiative of the woolhandler/shearing tool kits is to retain shearers and shed staff in the industry.</p>	<p>3,700 novice and intermediate level participants supported through training by AWI</p>	<p>Number of shearers trained</p>
<p>AWI will continue to recognise elite shearing and wool handling through communication and promotion initiatives, as well as regional, state and national competition support.</p>	<p>More than 1,000 participants in SportShear shearing and wool handling competitions nationally</p>	<p>Number of participants</p>
<p>Retention of wool harvesting industry participants through access to skills building opportunities to increase their capacity in leadership, business, industry promotion and their confidence in the future of the industry.</p>	<p>Ongoing retention rate of 75% of those trained yearly</p>	<p>Number of shearers that stay in the industry</p>



PROGRAM:
Trade Marketing

PROGRAM OVERVIEW

The Trade Marketing program (B2B) aims to build the reputation of Australian Merino wool amongst the global apparel industry, so it is regarded as the world’s premium sustainable fibre, optimal for building circular, naturally innovative products. Fibre advocacy activities will be carried out through a digital-first program of content, events and media, to build a

community of life-long wool advocates and Woolmark licensees. The program will also promote the avenues available to the supply chain for sourcing Australian wool and the services of The Woolmark Company’s technical team.

TRADE MARKETING

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Promote Merino wool as the optimal fibre for sustainable circular products.	Increase in online traffic to The Wool Lab (TWL) on Woolmark.com	TWL website report
Ensure EU environmental labelling proposals are fair to wool	<p>Influence impending EU textile legislation and amplify the ecological attributes of Australian Merino wool</p> <p>Provide constructive solutions to make EU apparel labels meaningful and transparent for consumers</p>	Engage with and influence EU policymakers, via the Make The Label Count campaign, to level the playing field for wool compared with other apparel fibres
Increase the trade following of The Woolmark Company (TWC) on social media	10% increase of following on TWC LinkedIn YoY	Total following at 30 June 2024 will be the benchmark



PROGRAM:
Talent Development

PROGRAM OVERVIEW

The Talent Development program will drive demand by positioning Australian Merino wool as the key ingredient for premium, sustainable apparel by targeting the future leaders of the fashion and performance industries.

TALENT DEVELOPMENT

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>International Woolmark Prize (IWP) celebrates outstanding fashion talents from across the globe who showcase the beauty and versatility of Australian Merino wool. It is the world’s oldest and most prestigious award for rising fashion stars. The IWP will be restructured to be held every two years from 2024.</p>	<p>Drive long-term industry advocacy with a minimum of 50% of surveyed IWP alumni continuing to use and promote wool post-involvement in the prize</p>	<p>Annual alumni survey</p>
	<p>Secure a minimum of 4 new business development leads as a result of the prize</p>	<p>Meeting/conversations post-IWP</p>
	<p>Improve Woolmark’s reputation through a minimum 10% increase in the share of voice for Woolmark and Merino wool</p>	<p>IWP media monitoring platform reports</p>
	<p>Build fibre advocacy among trade and consumer audiences through YoY uplift across social media and website analytics</p>	<p>IWP social and website reports</p>
<p>The Woolmark Performance Challenge (WPC) is a global competition to develop innovative new product applications for Merino wool within the sports and performance market. The WPC will be restructured to be held every two years and with submissions encouraged from industry as well as tertiary students.</p>	<p>10 new leads for sports industry brands and stakeholders</p>	<p>Meetings/conversations post-WPC</p>
	<p>2 additional industry placements focused on commercialisation of presented concepts</p>	<p>Industry placements secured</p>

STRATEGY Marketing



PROGRAM: Consumer Marketing

PROGRAM OVERVIEW

The Consumer Marketing program aims to drive demand for Australian Merino wool by increasing awareness of Merino wool's environmental benefits, enhancing wool's reputation as the pinnacle of premium and sustainable fibres amongst global consumers.

Consumer marketing across key target markets, including China, the US, UK, Japan and France, will be at the center of the program. Focusing consumer marketing on these high-impact and influential markets will allow us to move the needle on awareness, education and ultimately, sales of Australian Merino wool on a global scale.



CONSUMER MARKETING

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
China Campaigns: Produce a content and commerce model with retail partner support to drive volume of wool sales.	Increase brand awareness for Woolmark and Merino wool benefits in China by 3%	Global Consumer Survey & Campaign impact report
	YoY increase in wool sales driven by partnerships with major retailers	Sales data – wool garments sold
Eco Campaigns: Educate Gen Z and Millennial audiences on the negative effects on synthetics and the positive eco-credentials of wool.	3% increase in purchase intent of Merino wool through increased awareness of wool's sustainable benefits	Global Consumer Survey and Campaign impact report
	Increase in average purchase intent of wool by 2% for the Eco Consumer campaign	Campaign impact report
Social Media: Increase education on wool's benefits among the Gen Z and Millennial audiences.	Grow followers with a focus on the Gen Z audience, across TikTok and Instagram by 15%	Social media report
	Grow reach and engagement across our owned social channels by 15%	Social media report
PR/Earned Media: Increase the share of voice for Merino wool and Woolmark through high profile collaborations, impactful consumer campaigns and influencer amplification.	15% increase in the share of voice YoY for wool and Woolmark	Media monitoring platform reports
Fashion Collaborations: Bolstering sales and purchasing intent for wool's core categories, particularly in fashion and accessories through celebrity/influencer content, performance ads, and aggregated wool shopping hubs with brand partners.	Secure a minimum of 4 high-volume brand and/or retail partners	Contracted partners
	Uplift in brand/retailer intent to increase wool product categories	Brand/retailer survey
Performance Collaborations: Build credibility for Merino wool as a performance fibre through tactical brand partnerships and sponsorships with sporting events.	Secure a minimum of 2 high-profile sporting event/team sponsorships	Contracted partners
	Uplift in brand/retailer intent to increase wool product categories	Brand/retailer survey



PROGRAM: Woolgrowers

PROGRAM OVERVIEW

Woolgrowers are at the centre of all AWI activities and this program aims to ensure that we actively listen and engage with them in a meaningful way. During 2024/25 we will further implement and enhance our engagement plan with woolgrowers across Australia. We do this through our Extension

Networks, our Industry Relations Officers, the Wool Industry Consultation Panel (WICP), the Woolgrower Consultation Group (WCG) plus at events, forums, and workshops.

WOOLGROWERS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
AWI will continue to improve the wool.com website to increase navigability and increase traffic.	Increase page views on Wool.com website by 5%	Website traffic reports
AWI provides a wide array of print and digital communications to engage woolgrowers with clear, relevant, engaging and accessible content.	Woolgrowers rate satisfaction with communications from AWI as above 5.8/10	Increase in member satisfaction YoY
	Growing engagement through electronic distribution of <i>Beyond the Bale</i> using the latest government data on woolgrowers. This will save cost and will have positive impact on the environment as we are slowly moving away from paper based distribution	Measured through EDMs and website traffic reports – increased engagement
Through the 6 extension networks, AWI will disseminate resources on best management practices, new and existing technologies and look to make these readily available.	Maintain number of active participants in AWI extension initiatives	Active members as reported by each extension network
	AWI workshops delivered to participants receive a net promoter score of 7.5/10	Participation evaluation through exit surveys



PROGRAM: Industry

PROGRAM OVERVIEW

During the past two years AWI has enhanced its engagement with the wider Australian wool industry. In 2024/25 we will continue to work closely with brokers, processors, exporters, the Australian Wool Testing Authority, Australian Wool Exchange and many industry representative bodies to enhance the profitability and sustainability of the industry.

The Federal Government is the single largest contributor of funds to AWI and during the next operating period we will continue to collaborate with

the Department of Agriculture, Fisheries and Forestry (DAFF) and other parts of Government for the benefit of Australia's woolgrowers. The successful roll out of our customer relationship management platform from May 2022 will be further enhanced to capture meetings and action items from stakeholders. This continues to provide important insights on the priorities of stakeholders and also is an important measurement of our interaction with them.

INDUSTRY

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Regular interaction with members of the WICP (Woolgrower Industry Consultation Panel/WCG (Woolgrower Consultation Group)).</p>	<p>Increase member satisfaction in the industry forums WICP/WCG</p>	<p>Annual survey of representatives and members</p>

STRATEGY Industry Development



PROGRAM: Woolmark

PROGRAM OVERVIEW

The Woolmark Licensing Program operates globally and allows for the logo to be applied to a range of qualifying products across apparel, interior textiles, bedding, floor coverings, laundry appliances and consumables, and sheepskins. It can also be used through the supply chain for yarns and fabrics. In 2024/25 the Woolmark Licensing Program will continue its focus on building upon and strengthening the licence along the supply chain by encouraging spinners, weavers, knitters and garment makers to pass on their Woolmark licence to retailers and brands, as a value add to the sale of their wool products.

The Woolmark Licensing Program has set some priorities for the 2024/25 period, which aim to expand its reach, reputation, and relevance in the

global wool market. These include increasing the number of licensees across the supply chain and end-use categories, especially in emerging markets and high-potential segments such as activewear, sportswear, and outerwear; promoting the benefits of the Woolmark logo as a quality assurance and a mark of trust for wool products; and supporting the demand for licensee connection to Australian wool stakeholders and Woolmark sustainability initiatives.

The program will continue to provide access to market intelligence, technical expertise, innovation opportunities, and traceability support to enhancing the value proposition and differentiation of the Woolmark licence.

WOOLMARK

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Ensure the Woolmark Licensing Program remains in demand and relevant for industry through current standards and procedures.	Review relevant specifications and testing standards	Annual Review documented and adjustments made according to review
Targeting new and existing brands and retailers with the value and benefits of the Woolmark Licensing Program.	Quarterly Licensee updates	4 per financial year
	Increase in number of licensees	FY23/24 licensee data



CERTIFICATE 证书 2024-2025

WE HEREBY CERTIFY THAT 兹证明

NANJI E-COMMERCE CO., LTD
南极电商（上海）有限公司

HAS BEEN LICENSED BY THE WOOLMARK COMPANY TO USE THE
WOOLMARK AND WOOLMARK BLEND MARKS ON PRODUCTS AS SPECIFIED IN THE
LICENCE AGREEMENT.

是纯羊毛标志和高比例羊毛混纺标志特许权企业，获准按照特许权协议在下列产品上使用。

Knitted Garments-Underwear
针织服装-内衣



SIGNED ON BEHALF OF THE WOOLMARK COMPANY 代表国际羊毛局签署

LICENCE NUMBER 执照号: 0030001365

EFFECTIVE FROM 有效期: 01 APRIL 2024 TO 30 JUNE 2025

STRATEGY

Industry Development



PROGRAM: Education & Extension

PROGRAM OVERVIEW

AWI/TWC will continue to develop and deliver education programs via the Woolmark Learning Centre digital platform. The educational content developed will align with industry needs and elevate the value and desirability of Merino wool to a global audience of students, educators, woolgrowers, manufacturers, trade, designers, brands and retailers.

Global trade shows and Woolmark-partnered industry development centres provide key platforms for increasing awareness and demand for wool via sourcing connections, Woolmark licensee support, partnered innovation opportunities and sustainability initiatives.



EDUCATION & EXTENSION

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Educate brands, retailers and floor staff on the properties, benefits and diverse application of the wool fibre to increase wool sales via bricks and mortar stores and online portals.	Deliver global training programs across women's and men's fashion, sportswear, performance and protection wear and interiors to a minimum of 40 retailers	Number of retailers trained
Investing in the education of the supply chain to enhance the growth of wool processing and production expertise within the textile and garment industry. This investment will be directed towards development centre content upgrades, targeted trade workshops and seminars.	5 activations at global development centres	Number of activations
Focusing investment at exhibiting at prominent global trade shows to actively engage with trade partners to stimulate adoption of wool.	Exhibit at 14 trade shows	Number of connections with existing and new trade partners
Educate next generation of fashion designers to ensure adoption of wool in future garment collections and educate textile engineers to ensure ongoing expertise and knowhow within the industry.	Adoption and participation in the Learn About Wool primary and secondary school national education program	Learn About Wool kit orders Number of teacher registrations
	Maintain participation in tertiary fashion and textile engineering education programs Number of students participating in tertiary education programs	Number of student registrations
	Increase Woolmark Learning Centre course completions by 5%	Number of Woolmark Learning Centre course completions
	1 new course developments on Woolmark Learning Centre platform	New courses available on Woolmark Learning Centre





PROGRAM:
Processing & Product Innovation

PROGRAM OVERVIEW

The aim of this program is to fortify the wool supply chain by facilitating the transfer of technical knowledge, expertise and know-how. Collaborating closely with manufacturers and brands, we not only aim to support and lead innovations in wool products and processes but also emphasise the integration of

sustainable practices. By guiding these innovations through to commercialisation, we seek to enhance the environmental sustainability of the wool industry while simultaneously increasing consumption and driving the demand for wool.

PROCESSING AND PRODUCT INNOVATION

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
By providing technical support and facilitating technical transfer, the investment focus will empower the AWI/TWC technical team to spearhead product and processing innovations. This initiative aims to enhance industry capabilities both in established and emerging global markets.	Increase the adoption rate by 5% in established markets	Technical transfer completions
Research and investment in cutting edge technologies that are focused on sustainable processes.	Expanding our portfolio of sustainable processes offered to industry for adoption	Number of sustainable processes offered
Whilst the continued focus will be on fashion, we will explore new market categories in work, health and safety, extreme sportswear and interiors to broaden wool's presence.	Increase number of brand collaborations – expand geographic reach by 5%	Number of brand collaborations
The Wool Lab (TWL) remains a leading global sourcing and inspirational tool to showcase commercial products and process options for yarns, textiles and processes.	Maintain market exposure of TWL through individual meetings, seminars and workshops	Number of swatch requests Clicks with registrations



**PROGRAM:
 Emerging Markets**

PROGRAM OVERVIEW

This program aims to diversify the wool supply chain by increasing the awareness of Australian wool and The Woolmark Company in emerging markets. It will identify new opportunities in emerging markets to support the uptake or increase of wool processing and manufacturing of wool products, thereby creating new

business opportunities and demand for Australian wool. The program will involve establishing new manufacturing supply chains and partners within markets, education and training to the trade, and technical transfer for manufacturers.

EMERGING MARKETS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Through advertising with local trade publications and partnerships with local textile associations we aim to increase awareness or introduce wool/Woolmark to new markets in the manufacturing supply chain.</p>	<p>Building brand/wool awareness in the manufacturing supply chain in new markets through:</p> <ul style="list-style-type: none"> • Advertisements in local textile publications – 10 adverts across 3 markets • Run a wool seminar/technical workshop – one in one new market 	<p>Seminar attendance</p> <p>Leads generated through workshops, seminars and advertising</p>
<p>Establish and support new supply chain partners who are interested in or want to increase their knowledge of wool. Visit trade shows in Latin America and Asia to build trade leads and conduct market research.</p>	<p>Connecting the supply chain and establishing new supply chain partners. Meet with 50 new supply chain partners in three new markets</p> <p>Visit 6 trade shows in 3 new markets</p>	<p>2023/24 benchmark on new supply chain partners will be used as a measure</p> <p>Trade show attendance</p>



PROGRAM:
Supply Chain Initiatives

PROGRAM OVERVIEW

This program acknowledges the growing saliency of provenance, ESG and perennial concerns regarding supply chain efficiency and biosecurity. The Traceability sub-program seeks to improve the quantity and quality of data collected as well as accessibility and traceability to enable woolgrowers to maintain relevance and secure additional value.

AWI will investigate tools to support the flow of information about Australian wool, up and down the supply chain to all parties; to communicate Australian wool's benefits; and facilitate provenance and supply chain transparency.

SUPPLY CHAIN INITIATIVES

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Collaborate with Australian wool industry bodies and government bodies to enhance Australian wool traceability systems.	Support the enhancement of Australian Wool Traceability Hub (AWTH) based on industry priorities	AWTH working group and steering group involvement
Support a strong brand identity for Woolmark by connecting Woolmark licensees with the quality, sustainability and versatility of the Australian wool industry including woolgrowers, wool sellers and wool buyers.	Service all connection requests from licensees	Number of connections requests serviced
	Develop and implement a feature on Woolmark.com that enables users to submit requests for connecting with the wool industry	Woolmark.com page



STRATEGY

Market Analytics

PROGRAM:

Sustainability

PROGRAM OVERVIEW

The Woolmark+ Sustainability Strategy is designed to deliver positive outcomes for climate, resource management and animal welfare, as well as resilience and commercial benefits for sustainable livelihoods along the whole wool value chain.

Being a recyclable and biodegradable fibre that comes from nature, wool has sustainability at its core. As the sustainability agenda becomes broader and more complex, nature positive practices and transformation offer a way to support thriving businesses and flocks, creating long-term, industry-wide commercial opportunities for future generations.

Woolmark+ aims to support woolgrowers in their role as nature’s stewards and help them build further resilience into their land and business through Woolmark+ initiatives that drive diversified income, such as removing barriers to access environmental markets and enabling access to capital

for conservation activities. While the pathway starts with on-farm practices to enhance natural assets, the company is future-proofing wool by looking at opportunities across the entire wool value chain.

Woolmark+ will leverage partnerships, and the power of collaborative investment, to foster proactive, holistic solutions. The program draws on work already underway across the industry to minimise its collective carbon footprint and advance regeneration, resilience and circularity.

As consumer demand continues to grow for sustainable, traceable products, brands are being challenged to provide fibre and fabrics with a lower emissions and environmental impact profile. The strategy seizes this opportunity to meet demand with a recyclable and regenerative fibre from nature, safeguarding global market access for high-quality wool.

SUSTAINABILITY

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Increased promotion of the circularity of wool.	Develop a strategy that: <ol style="list-style-type: none"> 1. Provides options and solutions to help woolgrowers improve on farm productivity and natural capital, reduce emissions and drive demand for wool through sustainable practices 2. Assists brands to meet their sustainability goals for wool 3. Future-proof the Woolmark brand through a solution/service which connects sustainability goals of the end-to-end supply chain 	Launch Woolmark+ Sustainability Strategy
Support Australian woolgrowers to profitably produce the world’s most sustainable fibre, optimal for circular, traceable products.		
Position Australian woolgrowers as proactive, socially responsible and forward-looking stewards of the environment, building natural capital on their farms.		



PROGRAM:
Business Intelligence

PROGRAM OVERVIEW

AWI’s Market Intelligence service helps ensure Australian woolgrowers remain informed of activity across global supply chain logistics, market prices, sentiment and trends.

Through its global network, AWI is uniquely positioned to build knowledge, trust and transparency across the supply chain and for this intelligence to provide

insights for the company and stakeholders to influence, inform and contribute to AWI’s business activities. AWI’s market intelligence acts as a conduit between sectors, helping reduce the knowledge gaps of supply chain partners – from Woolmark licensees, brand partners and back to the farm.

BUSINESS INTELLIGENCE

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Maintain the most valued market intelligence in the wool industry. Build demand and subscriber numbers as an indication of quality, well presented and sought after information. Provide forecast analysis and insights into global trends to inform business owners of threats and opportunities across the supply chain.</p>	<p>80% of users of AWI’s Market Intelligence report give it a 7.5/10 or higher rating.</p>	<p>Survey results</p>
	<p>Maintain subscriber numbers on the Market Intelligence website</p>	<p>Subscription rate</p>
	<p>Market Intelligence area on AWI website receives 10,000 views per month</p>	<p>Website page views</p>

STRATEGY Market Analytics



PROGRAM: Fibre Science

PROGRAM OVERVIEW

The Fibre Science program addresses two sub programs – Eco-credentials and Health & Wellness. Under the Eco-Credentials sub program, AWI will invest in demonstrating Australian wool’s strong on farm eco-credentials and its credentials throughout the supply chain, including the use phase, reuse and ultimately wool’s biodegradation at the end-of-life. This important investment area will link closely with the Environmental Sustainability program under AWI’s Sheep Production strategy, ensuring woolgrowers have

access to knowledge and tools to help them reach their environmental sustainability goals and provide evidence of wool’s supply chain eco-credentials.

Under the Health & Wellness sub program, AWI will continue to build scientific evidence of wool’s human health and wellness benefits which is important to support AWI’s investments in marketing performance wear i.e. multipurpose next-to-skin apparel.

FIBRE SCIENCE

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Generate high-quality LCA datasets for wool’s supply chain for provision to environmental rating schemes.	Creation of high-quality wool LCA datasets	High-quality data for wool accepted
Collaborate with IWTO and other natural fibre industries to broaden the assessment of textile ratings agencies from the environmental ‘harm-only’ LCA approach to broader metrics, including ‘environmental-good’.	Obtaining broader natural fibre industry support for improved metrics and engaged with textile rating agencies.	Inclusion of more balanced metrics in textile rating schemes addressing renewability, circularity, biodegradability, microplastics, plastic waste etc
Generate knowledge of wool’s carbon account to inform delivery of Australia’s climate goals as well as the Sheep Sustainability Framework.	Assess the sheep industry’s greenhouse gas (GHG) emissions and opportunities for meeting Australia’s national GHG commitments	Number of projects underway and commissioned and reports produced
Finalise research into wool’s dynamic breathability and summarise the evidence base of wool’s health and wellbeing attributes to enable ongoing promotion to the growing wellness and sustainability market.	Generate a comprehensive summary of wool’s health and wellbeing benefits for use in marketing the fibre	Summary produced



PROGRAM:
Corporate Services

PROGRAM OVERVIEW

Corporate Services provides key expertise, compliance, governance, support, and value to the global business in the areas of financial management, legal, measurement, monitoring and evaluation, people and culture, and company secretarial support including intellectual property portfolio management.

CORPORATE SERVICES

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>People and Culture: Source, nurture and retain the best available talent for the business and ensure they have the required skills, processes, support, training and working environment to facilitate them performing at their best to deliver for woolgrowers. Foster and nurture a culture that has integrity, respect, and transparency at its core, and that celebrates diversity and inclusiveness.</p>	Implement an employee value proposition to demonstrate the value current and future employees will gain through being an AWI/ TWC employee	Employee value proposition is clearly defined and effectively communicated internally and externally
	Increase employee engagement across the business	Employee engagement score increases from previous engagement and pulse surveys
	Enhance employee wellbeing across the business	Introduction of additional mental, physical and/or financial wellbeing resources at no or low cost
	Diversify our learning and development framework to focus on industry training and team building	Increase opportunities for employees to meet with industry and get exposure to the wool supply chain, and foster team building and collaboration across the business
<p>Measurement and Evaluation: Provide a framework to measure, analyse, evaluate, and report on the performance of AWI's investments on behalf of its stakeholders. Implement and update systems and processes to assist in the consistent collection and analysis of information and data to inform investment decisions and report against AWI strategic and operational targets.</p>	<p>Conduct 3 impact assessments of RD&E and marketing investments annually</p> <p>Successfully drive business intelligence and survey requests to the company's new content marketing platform</p>	Number of impact assessments conducted

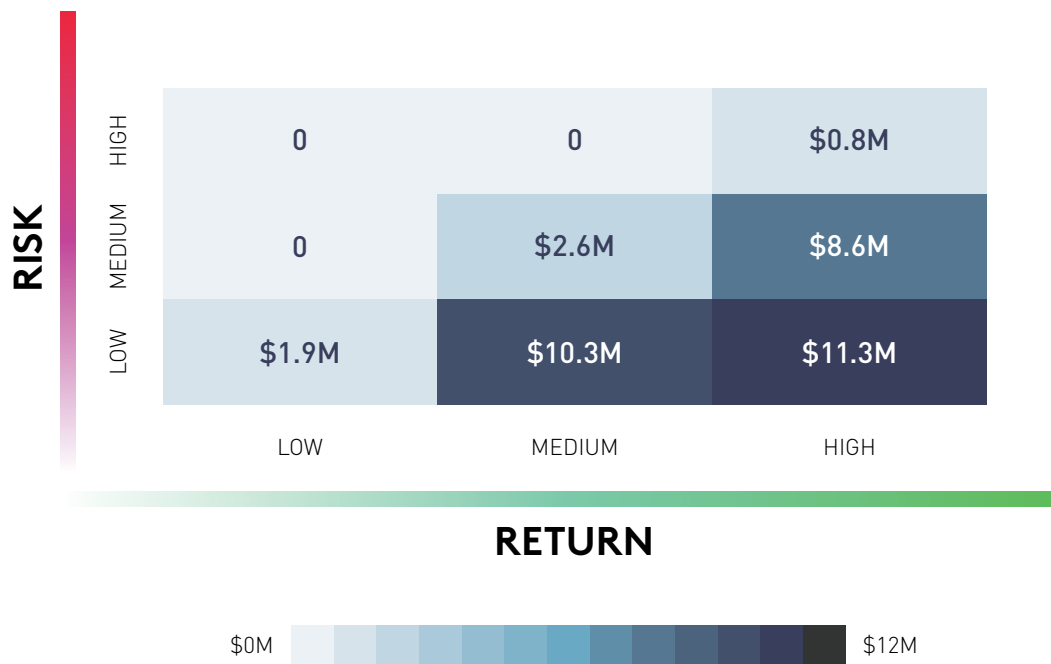
CORPORATE SERVICES (CONTINUED)

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Finance: Monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company's global footprint. Manage the company's global investment and foreign currency exposures within the approved policies to safeguard corporate funds and minimise currency risk exposure. Provide useful and accurate financial reports to the business to enable effective decision making that meets the global financial compliance requirements.</p>	Timely financial reporting to internal and external stakeholders	Internal reporting
	Unqualified audit report delivered	Audit completed
<p>Information Technology: Provide support to the business for all hardware and software requests. Implement Service Level Agreement (SLA) to monitor support requests and average time taken to resolve issues.</p>	Achieve SLA 90% of time	System statistics used to measure
	Resolution of IT issues within 24 hours	Average resolution time
<p>Digital: Provide support to business for digital requests, such as electronic e-newsletters, website changes and customer relationship management database improvements. Gauge the perception of people on ease of using the systems and make improvements accordingly.</p>	Achieve SLA 90% of time	System statistics used to measure
	Maintain or increase average ease of use rating for digital systems	2023/24 benchmark will be used as a measure
<p>Legal: Support staff with commercially sound legal solutions. In addition to providing legal advice, the team is responsible for managing the company's Intellectual Property (IP) portfolio and advising on IP matters, assisting with corporate governance matters and company secretary work for AWI and TWC and its subsidiaries and advising on privacy and data protection matters.</p>	Implement the automated contracting system in the customer relationship management database	Automated contracting system implemented
	Digital contract creation to reduce time spent and increase efficiency and adherence to processes	Measured through completed contracts in electronic signature software
	Initial response time on contract reviews within 48 hours	System statistics used for measurement

Balanced portfolio

AWI seeks to balance its risk position by investing in higher risk activities that may drive substantial growth in the demand for wool; and the need to remain a stable organisation with the capacity to continue to work for woolgrowers long into the future.

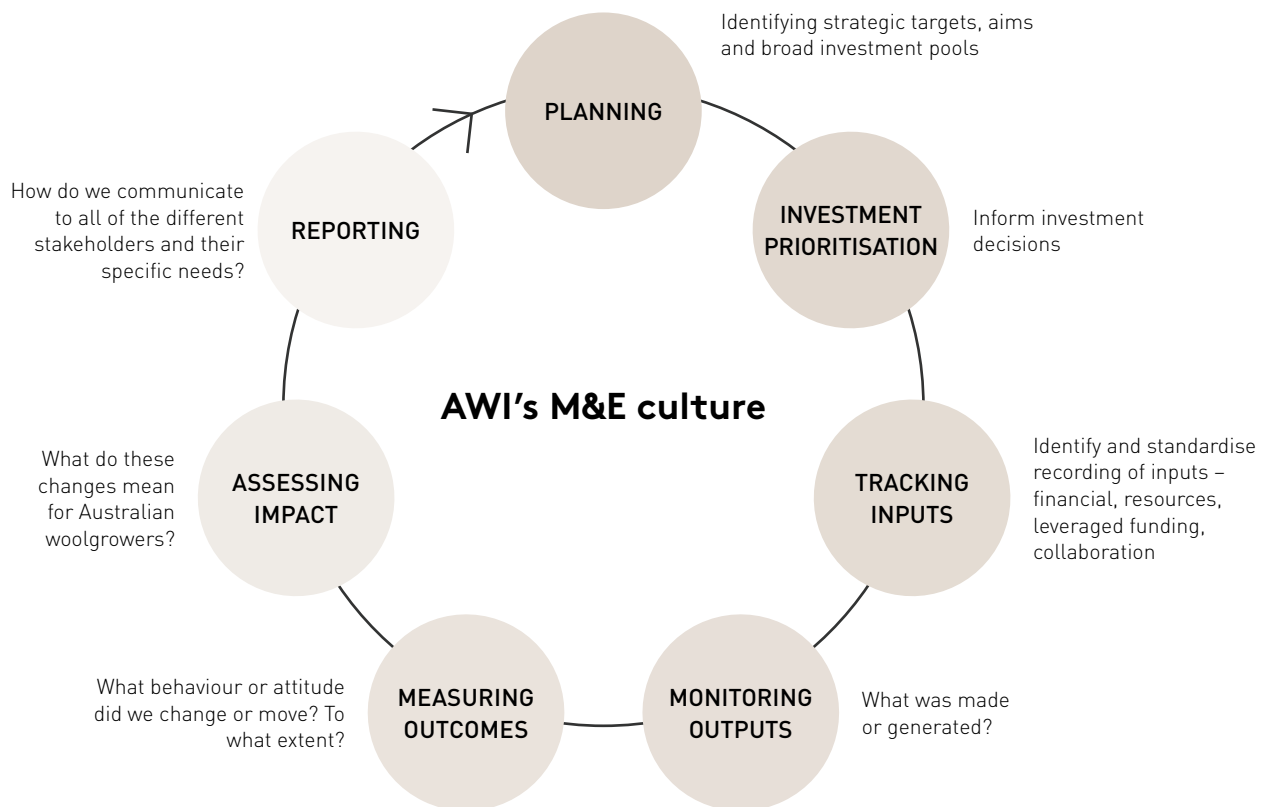
The matrix below shows AWI's targeted investment by risk and return category for the 2024/25 financial year.



Measurement and evaluation

AWI's goal is to continue to support and increase the profitability and sustainability of the Australian wool industry through strategically targeted investments. The measurement and evaluation (M&E) framework provides the necessary data to guide strategic planning, to design and implement programs and projects. The M&E framework covers objectives, indicators, data sources, plans for data collection, analysis, how data is collected. In other

words, it outlines how data is collected, analysed, and reported. M&E provides quantifiable data to help program managers learn from project successes, challenges and be better prepared to respond to the ever-evolving project situations by identifying what worked, what did not, why it did not work and how future projects could be improved.





Risk management

AWI has a risk management framework in place to effectively identify and manage risk across the organisation. AWI's risk management framework is aligned with the International Standard ISO 31000: Risk Management Guidelines that acts as a guide for companies for managing risk in a more formal manner.

AWI's risk management framework sets the requirements and responsibilities for staff and emphasises that it is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls in the reporting and management of risks.

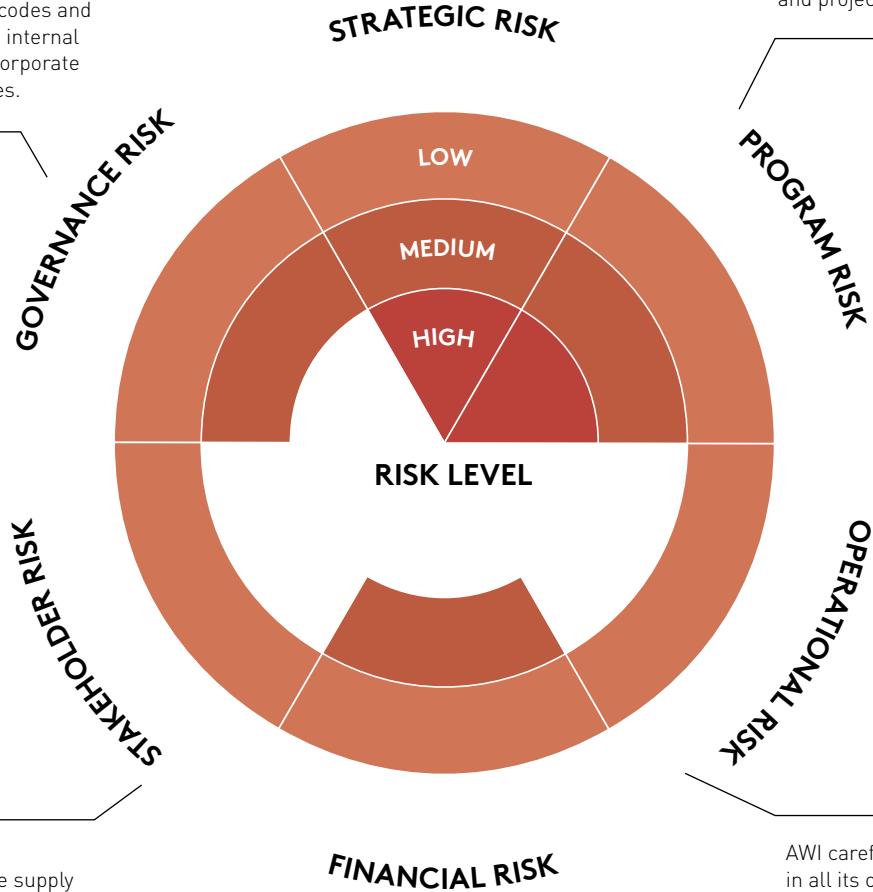
Risks are identified, analysed, evaluated, and monitored at both an organisational (top down) and operational (bottom up) level, as well as at an individual project level. The purpose is to identify, assess, and prioritise risks, and then allocate resources to minimise, monitor, and control the probability and/or impact of future events.

Risk Level

AWI recognises that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives. AWI has to keep abreast of domestic, international issues relating to the wool industry and strategic risks, e.g. changes in consumer demand, legislative impacts, and international trade relations.

AWI is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles.

AWI implements different types of programs and there are risks types associated with program and project implementations.



AWI works with various stakeholders across the supply chain and understands that there are certain risks that can arise working with stakeholders.

AWI assesses its financial risks both from a strategic and operational perspective. AWI always requires a balance between adequate reserves and expenditure on R&D and marketing.

AWI carefully analyses risks in all its operational activities, including ensuring that the benefit of the risk control measures exceeds the costs of these measures. AWI has processes in place and can make resources available to manage operational risks to acceptable levels.

There are three major environmental risks that AWI encounters and these are bushfires, flood, and drought. The direct impact of these risks is to the woolgrowers, and it also has a major impact on AWI and the industry. The economic effects of this can be seen through the national flock size, average cut per head and shorn wool production. To mitigate these risks, AWI provides woolgrowers with a wide variety of resources and tools available to support them prepare for and reduce the impacts of bushfires, flood, and drought.

One of the major social risks is consumer purchase behaviour. There has been a continual shift towards casual workwear, a push which has seen workers choose apparel for comfort and casual styling, rather than structured formal workwear such as suiting. While this shift has impacted wool's traditional suiting market, the natural stretch, breathability and comfort of wool apparel creates opportunities within this trend.

Annual budget summary 2024/25

STRATEGIC REPORTING PORTFOLIO	PROGRAM	STRATEGY ('000s)	PROJECT DELIVERY COSTS ('000s)	TOTAL ('000s)
SHEEP PRODUCTION	HEALTHY PRODUCTIVE SHEEP	2,894		
	ENVIRONMENTAL SUSTAINABILITY	255		
	AGRI TECHNOLOGY	50		
	TRAINING & TECHNOLOGY TAKEUP	3,842		
	TOTAL	7,041	1,827	8,868
MARKETING	TRADE MARKETING	422		
	TALENT DEVELOPMENT	2,450		
	BRAND AWARENESS	13,057		
	TOTAL	15,929	11,510	27,439
CONSULTATION	WOOLGROWERS	2,000		
	INDUSTRY	975		
	TOTAL	2,975	1,372	4,347
INDUSTRY DEVELOPMENT	WOOLMARK	740		
	EDUCATION & EXTENSION	667		
	PROCESSING & PRODUCT INNOVATION	900		
	TOTAL	2,307	3,591	5,898
MARKET ANALYTICS	EMERGING MARKETS	190		
	SUPPLY CHAIN INITIATIVES	387		
	SUSTAINABILITY	1,486		
	BUSINESS INTELLIGENCE	710		
	FIBRE SCIENCE	355		
	TOTAL	3,128	1,664	4,792
SUPPORT ADMIN COSTS	CORPORATE SERVICES		9,486	9,486
		31,380	29,450	60,830



Corporate governance framework

Governance principles

The main provisions governing the activities of AWI are:

- Legislation applicable to AWI including the *Wool Services Privatisation Act*
- Other legislation applicable to both companies and not-for-profit entities
- The Statutory Funding Agreement with the Commonwealth whereby AWI receives certain funding as the designated research body for the wool industry; and
- AWI's Constitution.

The Board is committed to governance systems that enhance performance and ensure AWI operates legally and responsibly on all matters and maintains the highest ethical standards.

AWI's governance framework meets the best practice guidelines in the ASX Corporate Governance Principles and Recommendations (Principles and Recommendations) in implementing a corporate governance framework. While AWI is not a listed company, it uses these Principles and Recommendations as guidance in its governance practices to the extent that they are reasonably applicable to AWI's circumstances as a not for profit entity with charitable objects to act in the best interests of Australian woolgrowers.

Board functions and responsibilities

Key functions and responsibilities for the Board are set out in the Board Charter. The Board Charter specifies Board responsibilities including general oversight of AWI; governance; risk management; people and remuneration; Chairperson responsibilities and communication with shareholders. Operational matters delegated to the CEO are delineated.

There are four standing sub-committees being:

- Audit and Risk Committee
- Research Development Education and Extension Committee
- People and Culture Committee
- Marketing and Product Innovation Committee.

There is also a Board Nomination Committee which is convened in director election years.

Board Nomination Committee

From 2019, the Board Nomination Committee has three external members who are specifically described in the updated Charter for this Committee and two incumbent Board directors.

The composition of the committee is as follows:

- A Chair independent of the wool industry and independent from AWI. The Chair was initially appointed by the Secretary of the Department of Agriculture, Water and the Environment. However, the government appointee has now been replaced by an independent chair sourced after an executive search and selected by the Board Nomination Committee itself.
- Two independent non-executive directors of the Company (other than the Chair of the Company).
- One representative of the wool industry independent from the Company, nominated by the Woolgrower Industry Consultation Panel.
- One representative from an international executive search firm, appointed by the incoming members of the Board Nomination Committee.

Corporate governance documents

AWI's corporate governance documentation is available on the AWI website at www.wool.com/governance and includes:

- AWI Constitution
- Board Charter
- Charter of the Committees of the Board
- Board Nomination Committee Charter
- Code of Conduct and Business Ethics
- Corporate Governance Statement
- Communications Strategy
- Rules and Procedures Governing the Election of Directors
- Statutory Funding Agreement.

AWI continues to review and develop these documents on a regular basis to ensure they remain relevant to the Company and encapsulate the high standards the Board and management are committed to achieving.

AWI Board skills matrix

With the assistance of an external governance adviser, core skill areas are reviewed by the Board annually as a part of the Board review. The 2023 review included a director self assessment, and a 360-degree feedback from senior executives in accordance with AICD best practice recommendations.

The skills matrix in the AWI Annual Report shows the extent to which directors collectively possess the desired skills and experience. The results demonstrate that the Board collectively has a good level of knowledge and skill to carry out its responsibilities effectively. Directors may access further expertise in the core skill areas, and in other areas not shown in the matrix, from within AWI and externally as appropriate.

Review of independence of directors

The Board maintains a Directors Disclosure of Interests Register which is reviewed as a standing agenda item at all Board meetings. The materiality of disclosures is assessed by the Board to determine whether they may interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on matters before the Board. This provides a systematic approach for the Board's oversight of the independence of all directors.

All directors meet all of the criteria for independence in accordance with the Principles and Recommendations.

Code of Conduct and Business Ethics

AWI endeavours to be recognised as an organisation committed to high ethical standards in business.

Transactions connected, directly or indirectly, to directors and officers may occur in the ordinary course of AWI's business since the Board includes members actively involved in the wool industry.

AWI has a Code of Conduct and Business Ethics Policy to ensure decisions are made in an ethical and responsible way without being influenced by improper considerations, and to ensure that AWI's contracts are at arm's length commercial terms and consistent with AWI's legal obligations.

The Code is available on AWI's website at www.wool.com/governance.

Alignment of AWI strategic priorities with industry plans

WOOL 2030 PILLARS

WOOL 2030 PILLARS	PRIORITY 1: GROWING THE VALUE AND INTERNATIONAL DEMAND FOR WOOL \$M	PRIORITY 2: WOOL HARVESTING \$M	PRIORITY 3: COLLABORATION AND ENGAGEMENT \$M	PRIORITY 4: SUSTAINABILITY \$M	PRIORITY 5: STRENGTHENING SUPPLY CHAIN \$M	TOTAL \$M
Pillar 1 – Caring for our animals and the environment <ul style="list-style-type: none"> Growers have the confidence and tools to manage flystrike without mulesing Australian wool production is moving towards carbon neutrality More than 50% of wool is sold under a quality certification scheme Woolgrowers are earning income from ecosystem services, including for carbon mitigation 	✓	✓	✓	✓		3.8
Pillar 2 – Marketing the world's most desirable fibre <ul style="list-style-type: none"> New wool products are developed to meet evolving consumer needs Australian wool attracts a price premium over equivalent wools from other countries 	✓		✓		✓	24.1
Pillar 3 – Communicating with our customers <ul style="list-style-type: none"> Australian woolgrowers understand the market(s) they serve 95% of Australian wool is sold with a completed National Wool Declaration or equivalent by June 2022 	✓		✓	✓	✓	12.7
Pillar 4 – Transforming our production systems through innovation <ul style="list-style-type: none"> Lamb weaning rates increase by 5 percentage points Genetic gain is 2% per annum Cost of harvesting reduces by 3% per annum in real terms 	✓	✓		✓		4.9
Pillar 5 – Fostering a prosperous woolgrowing community <ul style="list-style-type: none"> Staff and contractors feel valued by the industry The Australian wool industry is seen to be united and cohesive Woolgrowing is perceived as a satisfying and profitable pursuit 			✓	✓		15.3
TOTAL	19.6	6.1	17.4	12.0	5.7	60.8

SHEEP SUSTAINABILITY FRAMEWORK (SSF)





SHEEP SUSTAINABILITY FRAMEWORK (SSF)	PRIORITY 1: GROWING THE VALUE AND INTERNATIONAL DEMAND FOR WOOL \$M	PRIORITY 2: WOOL HARVESTING \$M	PRIORITY 3: COLLABORATION AND ENGAGEMENT \$M	PRIORITY 4: SUSTAINABILITY \$M	PRIORITY 5: STRENGTHENING SUPPLY CHAIN \$M	TOTAL \$M
Caring for our sheep <ul style="list-style-type: none"> • Reduce, refine and replace painful husbandry practices • Implement best practice sheep management • Ensure humane processing and on-farm euthanasia • Prevent and manage disease 	✓		✓	✓		5.1
Enhancing the environment and climate <ul style="list-style-type: none"> • Improve natural resource management • Responsible environmental practices • Encourage biodiversity • Reduce net greenhouse gas emissions • Adapt to a changing climate, including extreme weather events 				✓		7.4
Looking after our people, customers, communities <ul style="list-style-type: none"> • Improve industry safety culture • Improve our peoples' health • Support and grow workforce • Encourage workforce diversity • Enhance community trust • Deliver products that customers demand 	✓	✓	✓			18.9
Ensuring a financially sustainable industry <ul style="list-style-type: none"> • Maintain or increase industry profitability • Maintain or increase contribution to the Australian economy • Increase productivity and encourage innovation • Ensure positive market positioning and access • Guarantee product integrity and safety 	✓		✓		✓	29.4
TOTAL	19.6	6.1	17.4	12.0	5.7	60.8

Alignment with Australian Government priorities

National Agricultural Innovation Priorities

The Australian Government is a major investor in AWI, collecting and disbursing statutory levies and providing taxpayer funds for eligible industry research, development and extension (RD&E) activities. As the wool industry’s rural Research and Development Corporation (RDC), AWI is the Australian Government’s primary vehicle for funding innovation in the wool industry. AWI takes into account the Australian Government’s National Agricultural Innovation Priorities and the National Science and Research Priorities in setting its R&D investments, in addition

to other directives and priorities the Government communicates to AWI. The National Agricultural Innovation Priorities were announced by the Australian Government in October 2021 as part of the National Agricultural Innovation Policy Statement. They replace the Australian Government’s Rural Research, Development and Extension (RD&E) Priorities. See www.agriculture.gov.au for more information. The table below shows the planned 2024/25 budget against the priorities.

	PRIORITIES	2024/25 ALLOCATION
	TRUSTED EXPORTER Australia is a trusted exporter of premium food and agricultural products by 2030	\$56.6m
	CLIMATE RESILIENCE Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030	\$1.5m
	BIOSECURITY Australia is a world leader in preventing and rapidly responding to significant incursions of pests and diseases through futureproofing our biosecurity system by 2030	\$0.7m
	DIGITAL AGRICULTURE Australia is a mature adopter, developer and exporter of digital agriculture by 2030	\$2.0m
	TOTAL	\$60.8m

Science and Research Priorities

The National Science and Research Priorities were announced by the Australian Government on 26 May 2015. The nine priorities are titled: Food, Soil and Water, Transport, Cybersecurity, Energy,

Resources, Advanced Manufacturing, Environmental Change and Health. See www.science.gov.au for further information. The table below shows the planned 2024/25 budget against the priorities.

	PRIORITIES	2024/25 ALLOCATION
	FOOD & FIBRE	\$57.7m
	ADVANCED MANUFACTURING	\$1.0m
	ENVIRONMENTAL CHANGE	\$1.4m
	HEALTH	\$0.5m
	SOIL AND WATER	\$0.1m
	RESOURCES	\$0.1m
TOTAL		\$60.8m



awi

Australian
Wool Innovation
Limited

THE ANNUAL OPERATING PLAN IS AVAILABLE ON
[wool.com](https://www.wool.com)